

Watch Each Issue of This Paper for Facts On Municipal Ownership

# TRUE FACTS ABOUT MUNICIPAL OWNERSHIP

In December, 1915, 1,500 taxpayers and light users signed a petition requesting the City Commission to investigate municipal ownership, and the cost of providing a light and gas plant to be owned and operated by the city.

After investigation, the City Commission called an election to be held on the 23rd of this month to vote upon bonding the city for \$600,000.00 to furnish the city an electric light and gas plant.

Recently the Pacific Gas & Electric Company has sent numerous communications to the taxpayers presenting their side of the question, and urging people to vote against municipal ownership. These arguments, purporting to be facts, have been carefully prepared, and many of the statements are either misleading or untrue.

The history of the Pacific Gas & Electric Company, to a great extent, is officially shown by the records of the Arizona Corporation Commission.

Upon strong and repeated protests made by the citizens of Phoenix, the Corporation Commission started an investigation of the rates charged by the Pacific Gas & Electric Company. The Corporation Commission employed the well known expert, Mr. C. W. Koerner, who is general manager of the municipal plant of Pasadena, California, and Mr. Koerner made an exhaustive examination and report of the property of the Pacific Gas & Electric Company. His appraisal of the property and the equipment was, for the electric system, \$233,161.91; for the gas system, \$131,469.16; making the value of the entire plant \$364,631.07. This was afterwards increased to \$437,459.63, this increase being largely made up by increasing the value of the land owned by the company from its original cost to the value at which it was considered worth at the time of the appraisal.

Mr. Masson, who was an officer of the Pacific Gas & Electric Company, at the same time appraised the value of the property, and claimed it to be worth as follows: Electric system \$368,883.08; gas system \$194,150.81; making a total value of the entire plant as estimated by the Pacific Gas & Electric Company \$563,033.89.

Mr. Masson, the engineer for and an officer of the Pacific Gas & Electric Company, in connection with Mr. Freeman, another engineer, on September 30th, 1914, appraised the property with all new additions and money expended, as having a value of \$636,461.00.

The history of the raising of the assets of the Pacific Gas & Electric Company for the purpose of showing values upon which they could collect from light users rates greatly in excess of the rates justified by the valuation as heretofore shown, is evidenced by the fact that although Mr. Masson's estimate of the actual value of the plant was only \$603,013.00, the statement made to the Arizona Corporation Commission by the Pacific Gas & Electric Company of valuation based upon the same date, September 30, 1914, was \$996,919.00, an increase of \$393,906.00.

It is interesting to the property owners and light users of Phoenix to know where this increase came from.

Although Mr. Viele, an officer of the Pacific Gas & Electric Company, has stated publicly that there was no value to the contract with the United States government, in this increased valuation it is placed at \$75,718.00; going value, which probably is considered good will, \$68,542.00; depreciation reserve fund, \$64,292.00; working capital, which is supposed to be cash on hand, \$50,000.00, and from the date of this statement up to the present time the light consumers of the City of Phoenix having been paying for electricity upon the basis of a valuation of over ONE MILLION DOLLARS upon property the engineer, Mr. Masson, of the Pacific Gas & Electric Company, claimed as being worth only \$603,013.00.

Upon agreement with the Corporation Commission, the Pacific Gas & Electric Company were to be allowed to earn a NET profit of from 8% to 10% upon a valuation of more than ONE MILLION DOLLARS.

It is interesting to note how the NET profits of the Pacific Gas & Electric Company have been arrived at.

From the GROSS profits derived by the Company, have been deducted the necessary operating expenses of the plant, AND IN ADDITION THERETO there have been taken some enormous sums, such as a bill for a "Hearing Before the Corporation Commission" of \$34,778.00, made up of items similar to the following:

Dec 31.	
Extra time R. S. Masson—18 days .....	\$ 720.00
Expenses R. S. Masson trip to Phoenix .....	117.45
Part of salary Pres., Secty., Treas. and assistants .....	400.00
Salary of F. S. Viele .....	350.00
Expenses of R. S. Masson trip to New York .....	250.00
Telegram sent in December .....	6.90
Pay Roll labor .....	225.00
Premium on \$50,000.00 bond for Federal Court .....	250.00
Telegrams and Telephone calls to Los Angeles .....	31.91
Advice and services of Chalmers & Kent .....	1,000.00
Services of Smith & Knowlton paid by W. P. B. & Co. ....	2,932.39
Payment Sept. 5th, 1912, to F. S. Viele, omitted .....	550.00
Interest on this account for December .....	113.22
	<b>\$6,946.87</b>

The above is set forth to give the light users information as to how the item of thirty-four thousand-seven hundred and seventy-eight dollars was made up.

Deducted from the gross earnings is also an item of \$5,000 for newspaper advertising. A very peculiar list of items amounting to \$11,400 a year is made up of firms in New York who are probably stockholders in P. G. & E. Co. whom the citizens of Phoenix have never seen, and whom they cannot understand have anything to do with the management of the P. G. & E. Co. The list is as follows:

W. P. Bombright & Co. ....	\$ 650.00 per mo.
El. Operating and Construction Co. ....	\$ 300.00 per mo.
Total .....	\$ 950.00 a month
	<b>This is \$11,400 a year.</b>

The statement made by the P. G. & E. Co. is that they only earn 7 1/2% on the value of their plant. If the extraordinary expenses were eliminated similar to those shown in this statement, and figuring the actual value of the plant, as shown by the reports of the expert engineers, the actual net earnings of the company are approximately 25% a year.

In one of the numerous pamphlets sent out by the P. G. & E. Co. a list of several hundred cities and towns were given in which the Local Light Co. claimed Municipal Ownership had been a failure. The Business Men's League selected from that list the names of twenty-five cities from different parts of the United States and have received replies from every one of them.

**They have, without exception, all declared that municipal ownership is a success in their cities. A typical example of all letters received is the following:**

Santa Clara, Calif.  
Young Men's Business Association,  
Phoenix, Arizona.

Gentlemen: Your letter regarding the city owning its own electric light and gas plant received. This city owns its own electric light and water plant and there is no chance for us to cease operating it. Our plant has not been a failure, on the contrary, it has been a wonderful success.

We built a new city hall out of the profits, and are paying our streets—our plant is a mint. Own your own plant and you will be pleased with the results.

Yours truly,  
A. J. CRONIN, Town Clerk.

The manager of the city of Lansing, Mich., writes: "The state of Michigan has something over one hundred successful lighting plants. Lansing has owned and operated her plant for over twenty-five years and at the present time is saving her forty thousand inhabitants approximately \$125,000.00 annually. Yours very truly, Guy S. Crane, Manager."

Quoting from letter of Superintendent from Riverside, Calif.: "The Riverside electric plant has been in operation over twenty years. The department is paying all the expenses of operating including the payment of installments on bonded indebtedness as they become due. You will note from our report that a surplus from earnings of \$340,221.68 has been made, also a reserve fund on accrued depreciation of \$61,120.34. Our average rate for all current sold for the past year was 3.1-3c. The price for street lights was 2.1 cts., which included all expense of maintaining the street lighting system."

Yours truly,  
E. CUTTING, Supt.

The same kind of arguments as those presented by the P. G. & E. Co. were years ago presented by the owners of the waterworks system: "If we voted bonds for waterworks, we were going to increase water rates, bankrupt the city, and put the burden on the taxpayer and the water user." The facts are that the receipts from the water works of Phoenix not only pay the interest on the bonds for the water plant, but the profits pay the interest on the entire bonded indebtedness of the city amounting to more than one million dollars.

The municipal waterworks of the City of Phoenix have saved the taxpayers, in the last ten years, half a million dollars. A municipal electric light plant would do the same.

## YOUNG MEN'S BUSINESS ASSOCIATION

### Mass Meeting Y. M. C. A. Stadium Tuesday Night

CIRCUS DAY IS BOND ELECTION DAY